

SOUTH TANGIPAHOA PARISH PORT COMMISSION

ANNUAL FINANCIAL STATEMENTS

As of and for the Year Ended December 31, 2009

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Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 9/15/10

PHIL HEBERT
CERTIFIED PUBLIC ACCOUNTANT
A PROFESSIONAL ACCOUNTING CORPORATION

South Tangipahoa Parish Port Commission

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South Tangipahoa Parish Port Commission

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Independent Auditor's Report

To the Board of Commissioners
South Tangipahoa Parish Port Commission
Ponchatoula, Louisiana

I have audited the accompanying financial statements of the governmental activities and the major fund of South Tangipahoa Parish Port Commission, as of and for the year ended December 31, 2009, which collectively comprise the Commission's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the South Tangipahoa Parish Port Commission's management. My responsibility is to express opinions on these financial statements based on my audit. The prior year comparative information has been derived from the Commission's 2008 financial statements. The financial statements were reviewed by my firm and I did not express an opinion.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinions.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the South Tangipahoa Parish Port Commission as of December 31, 2009, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated June 15, 2010, on my consideration of the South Tangipahoa Parish Port Commission's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of my audit.

**Independent Auditor's Report
South Tangipahoa Parish Port Commission
Ponchatoula, Louisiana**

Accounting principles generally accepted in the United States of America require the management's discussion and analysis and budgetary comparison information on pages 6 through 11 and 34 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Respectfully submitted,

Phil Hebert

Phil Hebert CPA
A Professional Accounting Corporation

June 15, 2010

Required Supplemental Information (Part I)
Management's Discussion and Analysis

South Tangipahoa Parish Port Commission

Management's Discussion and Analysis As of and for the Year Ended December 31, 2009

Introduction

The South Tangipahoa Parish Port Commission (the Commission) is pleased to present its annual financial statements developed in compliance with Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements - Management's Discussion and Analysis - For State and Local Governments* (GASB 34), and related standards.

The Commission's discussion and analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the Commission's financial activity, (c) identify changes in the Commission's financial position, (d) identify any significant variations from the Commission's financial plan, (e) identify individual fund issues or concerns.

Since Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes, and currently known facts, please read it in conjunction with the Commission's financial statements on pages 13 through 19 of this report.

Financial Highlights

At December 31, 2009, the Commission's assets exceeded its liabilities by \$7,496,783 (net assets). Of this amount, \$1,619,615 (unrestricted net assets) may be used to meet the Commission's ongoing obligations.

At December 31, 2009, the Commission's net assets decreased by \$160,101.

At December 31, 2009, the governmental fund reported a combined fund balance of \$1,673,814.

Overview of the Annual Financial Report

The financial statement focus is on both the Commission as a whole and on the major individual funds. Both perspectives, government-wide and major funds, allow the user to address relevant questions, broaden a basis for comparison, and enhance the Commission's accountability. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The MD&A is intended to serve as an introduction to the Commission's basic financial statements, which consist of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Government-wide Financial Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the Commission's finances, in a manner similar to private-sector business.

South Tangipahoa Parish Port Commission

Management's Discussion and Analysis As of and for the Year Ended December 31, 2009

The Statement of Net Assets presents information on the Commission's assets and liabilities using the accrual basis of accounting in a manner similar to the accounting used by private business enterprises. The difference between the assets and liabilities is reported as net assets. Over time, the increase or decrease in net assets and changes in the components of net assets may serve as a useful indicator of whether the financial position of the Commission is improving or deteriorating.

The Statement of Activities present information showing how the Commission's net assets changed during the most recent fiscal year, focusing on both the gross and net costs of various activities. This is intended to summarize and simplify the reader's analysis of the cost of various governmental services.

Governmental Activities - The Commission's services are reported here. These activities are financed primarily by rental income.

The government-wide financial statements include the South Tangipahoa Parish Port Commission (primary government) only can be found on pages 13 and 14 of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Commission, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related and legal requirements. The Commission uses one category of funds to account for financial transactions: governmental funds. Traditional users of governmental financial statements will find the fund financial statements presentation more familiar. Governmental funds are used to account for the Commission's basic service. However, unlike the government-wide financial statements, governmental fund financial statements focus on how money flows into and out of those funds and the balances that are left at year-end that are available for spending. These funds are reported using the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Commission's general government operations and the basic services it provides. Governmental fund information helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the Commission's programs. The basic governmental fund financial statements can be found on pages 16 through 19 of this report.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, there are differences in the information presented for government funds and for governmental activities in the government-wide financial statements. Review of these differences provides the reader of the financial statements insight on the long-term impact of the Commission's more immediate decisions on the current use of financial resources. Both the Governmental Fund Balance Sheet and the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. The reconciliations can be found on pages 17 and 19 of this report.

South Tangipahoa Parish Port Commission

Management's Discussion and Analysis As of and for the Year Ended December 31, 2009

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 21 through 32 of this report.

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. The following table provide's a summary of the Commission's net assets for the current year as compared to the prior year. For more detailed information, see the Statement of Net Assets on page 13 of this report.

Net Assets December 31, 2009 and 2008

	12/31/09	12/31/08
Assets:		
Current Assets	\$ 1,690,709	\$ 1,886,856
Capital Assets	5,844,173	5,776,080
Construction in Progress	32,995	11,889
Total Assets	<u>7,567,877</u>	<u>7,674,825</u>
Liabilities:		
Current Liabilities	71,094	17,941
Long-Term Liabilities	6,771	-
Total Liabilities	<u>71,094</u>	<u>17,941</u>
Net Assets:		
Invested in Capital Assets, Net of Related Debt	5,877,168	5,787,969
Unrestricted	1,619,615	1,868,915
Total Net Assets	<u>\$ 7,496,783</u>	<u>\$ 7,656,884</u>

Approximately 78% of the Commission's net assets reflect its investment in capital assets (land, building, equipment, and improvements) net of any related debt used to acquire those capital assets.

Approximately 22% of the Commission's net assets are unrestricted and may be used to meet the Commission's ongoing obligations to its citizens.

The investment in capital assets increased by \$89,199 due to the addition of the wastewater system, purchases of the tanks for the ongoing project and depreciation expense for the current year. See Footnote 5 Capital Assets.

Unrestricted Net Assets decreased by \$249,300 from \$1,868,915 to \$1,619,615.

South Tangipahoa Parish Port Commission

Management's Discussion and Analysis As of and for the Year Ended December 31, 2009

In order to further understand what makes up the changes in net assets, the following table provides a summary of the results of the Commission's activities for the current year as compared to the prior year. An analysis of the primary sources of these changes follows the table

Changes in Net Assets For the Years Ended December 31, 2009 and 2008

	<u>12/31/09</u>	<u>12/31/08</u>
Revenues:		
Program Revenues:		
Charges for Services	\$ 207,014	\$ 197,362
Operating Grants and Contributions	-	100,000
Capital Grants and Contributions	187,500	-
Total Program Revenues	<u>394,514</u>	<u>297,362</u>
General Revenues:		
Interest	44,683	63,487
Other	1,000	4,928
F.E.M.A.	11,289	-
Total General Revenues	<u>56,972</u>	<u>68,415</u>
Total Revenues	<u>451,486</u>	<u>365,777</u>
Expenses:		
Port Commission	611,587	481,625
Total Expenses	<u>611,587</u>	<u>481,625</u>
Net Decrease in Net Assets	<u>\$ (160,101)</u>	<u>\$ (115,848)</u>

Program Revenues increased by \$97,152 from the prior year due primarily to a grant from the State of Louisiana of \$187,500. General Revenues decreased by \$11,443.

The Commission's expenses increased by \$129,962 due primarily to an increase in property maintenance of \$124,859. Expenses include depreciation expense of \$287,181 and \$286,559 for the current year and prior year.

Fund Financial Analysis

As noted earlier, the Commission uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the's governmental fund is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Commission's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the Commission's net resources available for spending at the end of the year.

South Tangipahoa Parish Port Commission

Management's Discussion and Analysis As of and for the Year Ended December 31, 2009

Budgetary Highlights

The Commission's actual revenues were \$8,486 more than final budgeted amounts. Actual expenditures were \$99,361 more than final budgeted amounts. The net change in fund balance was \$90,875 less than final budgeted amounts.

The original budgeted revenues were \$291,000 and final budgeted revenues were \$443,000. Original budgeted expenditures were \$211,200 and final budgeted expenditures were \$547,226.

Significant variations from the Port Commission's original budget amounts and final budget amounts are as follows:

- Charges for Services decreased by \$44,000 due to the loss of a tenant.
- Intergovernmental revenues increased by \$200,000 to account for the grant received from the State of Louisiana and F.E.M.A. reimbursement.
- Capital Outlay increased by \$325,326 due to the Commission's ongoing projects.
- Marketing expenses were increased by \$10,000 to account for a trip to Washington D.C. to discuss issues with the port's congressional delegation and the U.S. Deputy Secretary of Transportation.
- Property and Maintenance expenses were increased by \$15,000 due to various repairs caused by storm.
- Utilities decreased by \$13,500 due to the loss of a tenant.

Significant variations from the final budget amounts and actual amounts are as follows:

- Property Maintenance exceeded the final budgeted amount by \$100,780 due primarily to the removal of abandoned rail dock containing lead battery chips per D.E.Q. requirements.

Capital Assets

The Commission's investment in capital assets for its governmental activities as of December 31, 2009 amounts to \$5,877,168 (net of depreciation).

Major capital asset additions and deletions during the current fiscal year included the following:

- Completion of wastewater system at a total cost of \$205,422.
- Purchase of twelve tanks at a cost of \$149,852.
- Write off the cost of testing and inspection fees capitalized in 1984 and fully amortized totaling \$85,731.

South Tangipahoa Parish Port Commission

Management's Discussion and Analysis As of and for the Year Ended December 31, 2009

Other Factors Affecting the Port Commission

The Louisiana Department of Economic Development allocated seven hundred and fifty thousand dollars to finance a series of projects that are designed to attract a new liquid bulk handling industry to the port which will increase jobs at the port as well as cargo transported through the port. At December 31, 2009, the Commission received \$187,500 or 25% of the allocation. During 2009 the Commission purchased twelve reconditioned tanks at a cost of \$149,500 and incurred engineering and other cost recorded in construction in progress. Future projects include installing rail loading racks, truck loading racks, various warehouse equipment, office building and drainage and roadway improvements.

Contacting the Commission's Management

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the Commission's finances and to show the Commission's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Parker Layrisson, President, 163 W. Hickory Street, Ponchatoula, Louisiana 70454 (985)386-9309.

Basic Financial Statements

Government-Wide Financial Statements

South Tangipahoa Parish Port Commission**Statement A****Statement of Net Assets
December 31, 2009****Assets**

Cash and Cash Equivalents	\$ 520,968
Certificates of Deposit	1,150,569
Accounts Receivable	7,508
Interest Receivable	9,564
Utility Deposit	2,100
Construction in Progress	32,995
Land	303,000
Capital Assets, Net	5,541,173
Total Assets	<u>7,567,877</u>

Liabilities

Accounts Payable	2,917
Payroll Liabilities	3,157
Retainage Payable	26,415
Construction Payable	21,013
Accrued Vacation	10,821
Noncurrent Liabilities:	
Postemployment Healthcare Benefits Payable	6,771
Total Liabilities	<u>71,094</u>

Net Assets

Invested in Capital Assets, Net of Related Debt	5,877,168
Unrestricted	1,619,615
Total Net Assets	<u>\$ 7,496,783</u>

The accompanying notes are an integral part of this statement.

South Tangipahoa Parish Port Commission

Statement B

**Statement of Activities
December 31, 2009**

Functions/Programs	Expenses	Program Revenues		Total
		Charges for Services	Capital Grants and Contributions	
Governmental Activities:				
Port Commission	\$ (611,587)	\$ 207,014	\$ 187,500	(217,073)
Total Governmental Activities	<u>(611,587)</u>	<u>207,014</u>	<u>187,500</u>	<u>(217,073)</u>
General Revenues:				
Interest				44,683
Other				1,000
F.E.M.A.				11,289
Total General Revenues:				<u>56,972</u>
Change in Net Assets				(160,101)
Net Assets, Beginning				7,656,884
Net Assets, Ending			\$	<u><u>7,496,783</u></u>

The accompanying notes are an integral part of this statement.

Basic Financial Statements

Governmental Fund Financial Statements

South Tangipahoa Parish Port Commission

Statement C

**Balance Sheet
December 31, 2009
Governmental Funds**

Assets

Cash and Cash Equivalents	\$ 520,968
Certificates of Deposit	1,150,569
Accounts Receivable	7,508
Interest Receivable	9,564
Utility Deposit	2,100
Total Assets	<u>\$ 1,690,709</u>

Liabilities

Accounts Payable	\$ 2,917
Payroll Liabilities	3,157
Accrued Vacation	10,821
Total Liabilities	<u>16,895</u>

Fund Balance

Unreserved	1,673,814
Total Fund Balance	<u>1,673,814</u>
Total Cash and Cash Equivalents	<u>\$ 1,690,709</u>

The accompanying notes are an integral part of this statement.

South Tangipahoa Parish Port Commission

Statement D

**Reconciliation of the Governmental Funds Balance Sheet to
the Government-Wide Statement of Net Assets
December 31, 2009**

Fund Balance, Governmental Fund, Statement C **\$ 1,673,814**

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. These assets consist of:

Construction in Progress	32,995	
Land	303,000	
Capital Assets, Net of Depreciation	5,541,173	
Construction Payable	(21,013)	
Retainage Payable	(26,415)	
	<u>5,829,740</u>	5,829,740

Other postemployment obligations liability is not due and payable in the current period, and therefore, is not reported in the funds.

(6,771)

Net Assets, Governmental Activities, Statement A **\$ 7,496,783**

The accompanying notes are an integral part of this statement.

South Tangipahoa Parish Port Commission

Statement E

**Statement of Revenues, Expenses and Changes in Fund Balance
Governmental Funds
For the Year Ended December 31, 2009**

Revenues

Charges for Services	\$ 207,014
Intergovernmental	198,789
Investment Earnings	44,683
Miscellaneous	1,000
Total Revenues	<u>451,486</u>

Expenditures

Bookkeeping	3,975
Capital Outlay	328,952
Insurance	32,627
Legal	3,267
Marketing	25,593
Membership & Dues	477
Office Supplies	2,448
Payroll Tax	1,082
Professional	4,997
Property Maintenance	125,780
Rents & Leases	13,049
Retirement	13,618
Review	2,500
Salaries	77,365
Utilities	10,857
Total Expenditures	<u>646,587</u>

Net Change in Fund Balance	<u>(195,101)</u>
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Fund Balance, Beginning	<u>1,868,915</u>
Fund Balance, Ending	<u><u>\$ 1,673,814</u></u>

The accompanying notes are an integral part of this statement.

South Tangipahoa Parish Port Commission

Statement F

**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance
of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2009**

Net Change in Fund Balances, Governmental Funds, Statement E **\$ (195,101)**

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported in governmental funds as expenditures. However in the statement of activities, the cost of these assets is allocated over their estimated useful lives as depreciation expense. These differences consist of :

Capital Outlay	328,952
Depreciation Expense	(287,181)

The net change in the liability for postemployment healthcare benefits is reported in the government-wide statements, but not in the governmental fund statements. (6,771)

Net Change in Net Assets, Governmental Activities, Statement B **\$ (160,101)**

The accompanying notes are an integral part of this statement.

Notes to the Financial Statements

South Tangipahoa Parish Port Commission

Notes to the Financial Statements As of and for the Year Ended December 31, 2009

Introduction

The South Tangipahoa Parish Port Commission (Commission) was established and provided for by R.S. 34:1951 of Louisiana Revised Statutes (LRS). The Commission is composed of seven members from the Parish of Tangipahoa who are appointed directly by the Governor. Board members serve with no compensation. The Commission consists of the boundaries and limits of Wards 6, 7, and 8 of Tangipahoa Parish. The Commission has authority to own, construct, operate, and maintain property, structures, and facilities necessary or useful for port, recreational, harbor, and terminal purposes. The Commission also has the authority to make and enter into contracts, leases, and other agreements with operating entities interested in the transportation, storage, and shipping of products. The Commission presently has two paid employees, an Executive Director and a Secretary.

The Commission presently maintains an office located in Ponchatoula, Louisiana, and a shallow water port facility located in Manchac, Louisiana. The Port facility includes a dock with a 20,000 square foot warehouse, railroad siding adjacent to the Illinois Central Railroad track and a second dock with a 30,000 square foot transit facility. The port facility is presently operated under a Marine Terminal Operators Agreement with a contract operator.

1. Summary of Significant Accounting Policies

A. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

South Tangipahoa Parish Port Commission

Notes to the Financial Statements As of and for the Year Ended December 31, 2009

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

C. Cash and Cash Equivalents

Cash includes amounts in demand deposits, interest bearing demand deposits, and money market accounts. Cash also includes amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the Commission may deposit funds in demand deposits, interest bearing demand deposits, money market accounts or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

D. Investments

Under state law, the Commission may invest in United States bonds, treasury notes or certificates. These are reported separate from cash if their original maturities exceed 90 days; however, if the original maturities are 90 days or less, they are classified as cash equivalents.

E. Compensated Absences

The Commission's secretary earns annual and sick leave at various rates depending upon length of service. Both annual and sick leave accumulate and can be used during the term of employee's service. A maximum of 300 hours is paid upon separation from services but no unused sick leave is paid upon separation of service.

The Executive Director receives annual and sick leave each of which is non-cumulative and non-vesting.

As of December 31, 2009, employees of the Commission have accumulated and vested \$10,821 of employee leave benefits, which was computed in accordance with GASB Codification Section C60.

F. Property and Equipment

Property and equipment are reported in the Government-Wide financial statements. The cost of property, plant and equipment is depreciated on the straight-line basis over the estimated useful lives of the related assets. Assets are capitalized if their cost exceeds \$5,000.

South Tangipahoa Parish Port Commission

Notes to the Financial Statements As of and for the Year Ended December 31, 2009

G. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

H. Fair Value of Financial Instruments

The Commissions financial instruments, none of which are held for trading purposes, include cash and certificates of deposit. The following methods and assumptions used by the Commission in estimating its fair value disclosures for financial instruments are:

Cash, cash equivalents and certificates of deposit: The carrying amounts reported in the statement of financial position approximate fair value because of the short maturities of those instruments.

The estimated fair values of the Commissions financial instruments are as follows:

<u>Financial Assets</u>	<u>Carrying Amount</u>	<u>Fair Value</u>
Cash and Cash Equivalents	\$ 520,968	\$ 520,968
Certificates of Deposit	\$ 1,150,569	\$ 1,150,569

2. Stewardship, Compliance, And Accountability

A. Budgets

The Commission uses the following budget practices:

1. The Port Commission's accountant prepares a proposed budget and submits same to the Board of Commissioners no later than fifteen days prior to the beginning of each fiscal year.
2. A notice is published in the official journal that the proposed budget is available for public inspection; a public hearing on the proposed budget shall be held; and the date, time and place of the hearing.
3. A public hearing is held on the proposed budget at least 10 days after publication of the call for the hearing.
4. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through the passage of an ordinance prior to the commencement of the fiscal year for which the budget is being adopted.

South Tangipahoa Parish Port Commission

Notes to the Financial Statements As of and for the Year Ended December 31, 2009

The following fund had expenditures over appropriations for the year ended December 31, 2009:

<u>Fund</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>
General Fund	\$ 211,200	\$ 547,226	\$ 646,587	\$ 99,361

The unfavorable variance was over 5% which resulted in a budget violation.

3. Cash and Cash Equivalents

At December 31, 2009, the Commission had cash and cash equivalents (book balances) totaling \$520,968, as follows:

Demand Deposits	\$ 516,584
Louisiana Asset Management Pool	4,384
	<u>\$ 520,968</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

The deposits of the Commission are held by several financial institutions. At December 31, 2009, the Commission had \$519,298 (bank balance) in cash and \$1,142,391 (bank balance) in certificates of deposit. Of this amount, \$1,594,490 was insured by federal deposit insurance and \$67,199 was collateralized by securities.

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities 10 days of being notified by the Commission that the fiscal agent has failed to pay deposited funds upon demand.

In accordance with GASB Codification Section 150.165, the assets held in LAMP at December 31, 2009 are not categorized in the three risk categories provided by GASB Codification Section 150.164 as described in the investment Footnote 4 below, because the investment is in the pool of funds and therefore not evidenced by securities that exist in physical or book entry form. The LAMP assets are considered to be a cash equivalent. LAMP is administered by LAMP, Inc., a nonprofit corporation organized under the laws of the State of Louisiana, which was formed by an initiative of the State Treasurer in 1993. The corporation is governed by a board of directors comprising the State Treasurer, representatives from various organizations of local government, the Government Finance Office Association of Louisiana, and the Society of Louisiana CPAs. Only local governments having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment

South Tangipahoa Parish Port Commission

Notes to the Financial Statements As of and for the Year Ended December 31, 2009

for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest. Accordingly, LAMP investments are restricted to securities issued, guaranteed, or backed by the U.S. Treasury, the U.S. Government, or one of its agencies, enterprises, or instrumentalities, as well as repurchase agreements collateralized by those securities. The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances.

4. Investments

Investments are categorized into these three categories of credit risk:

1. Insured or registered, or securities held by the Port Commission or its agent in the Port Commission's name
2. Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the Port Commission's name
3. Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the Port Commission's name.

At December 31, 2009 the Port Commission's certificates of deposit were reported separate from cash because their original maturities are more than 90 days.

	<u>Cost</u>	<u>Fair Value</u>	<u>Carrying Value</u>
Certificates of Deposit	\$ 1,150,569	\$ 1,150,569	\$ 1,150,569

In accordance with GASB 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools, all investments, when held, are carried at fair market value, with the estimated fair market value based on quoted market prices.

Interest Rate Risk: The Port Commission does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value arising from increasing interest rates.

South Tangipahoa Parish Port Commission

Notes to the Financial Statements **As of and for the Year Ended December 31, 2009**

5. Capital Assets

Capital assets and depreciation activity as of and for the year ended December 31, 2009 for governmental activities is as follows:

	Balance 12/31/08	Additions	Deletions	Balance 12/31/09
Land	\$ 303,000	\$ -	\$ -	\$ 303,000
Port Facility	8,966,430	-	(85,731)	8,880,699
Wastewater System	-	205,422	-	205,422
Tanks	-	149,852	-	149,852
Improvements & Equipment	282,575	-	-	282,575
Construction in Progress	11,889	226,528	(205,422)	32,995
Total	9,563,894	581,802	(291,153)	9,854,543
Accumulated Depreciation	(3,775,925)	(287,181)	85,731	(3,977,375)
Net capital assets	<u>\$ 5,787,969</u>	<u>\$ 294,621</u>	<u>\$ (205,422)</u>	<u>\$ 5,877,168</u>

Depreciation of \$287,181 was charged to the governmental function Port Commission in the Statement of Activities.

The Construction in Progress in the prior year, for the wastewater system, was completed in 2009 for \$205,422. The current construction in progress of \$32,995 consists of engineering fees and project manager fees for a drainage system, and piping and support.

6. Leases

The Commission records operating leases as current expenditures in the accompanying financial statements. The following is an analysis of significant operating leases at December 31, 2009.

On January 31, 2000, the Commission entered into a thirty-six month lease for office space located at 163 W. Hickory Street, Ponchatoula, Louisiana. The monthly rent is \$800. Upon expiration of this lease on January 31, 2003, the Commission entered into a verbal agreement with the lessor to continue leasing the office space for \$800 per month on a month-to-month basis. The lease expense charged to Rent was \$9,600 at December 31, 2009.

South Tangipahoa Parish Port Commission

Notes to the Financial Statements As of and for the Year Ended December 31, 2009

7. Employee Pension Plan

Plan Description:

The Commission's secretary and executive director participate in the Louisiana State Employee's Retirement System - LASERS.

LASERS is a cost sharing, multiple-employer defined benefit pension plan administered by a separate board of trustees. LASERS provides retirement, disability and survivor benefits to participating, eligible employees. Benefits are established and amended by state statute. Benefits are guaranteed by the State of Louisiana Constitution of 1974. LASERS issues a publicly available financial report that includes financial statements and requires supplementary information. The report may be obtained by writing to Louisiana State Employees' Retirement System, Post Office Box 44213, Baton Rouge, Louisiana 70804-4213, or by calling (225) 992-0600.

Contributions

Regular employees hired before July 1, 2006 are required by state statute to contribute 7.5 percent of their annual covered salary. Regular employees hired after July 1, 2006 are required by state statute to contribute 8.0 percent of their annual covered salary. The Commission (as the employer) is required to contribute at an actuarially determined rate. At December 31, 2009, the current employer rate was 18.6 percent of annual covered payroll. The contribution requirements of plan members and the employer are established by, and may be amended by, state law. The contribution requirements are subject to change each year based on the results of the valuation for the prior fiscal year. The Commission's employer contributions to LASERS for the years ending December 31, 2009, 2008 and 2007 were \$13,618, \$13,610 and \$13,237 which were equal to the required contributions.

8. Use of Estimates

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

South Tangipahoa Parish Port Commission

Notes to the Financial Statements As of and for the Year Ended December 31, 2009

9. Rental Revenue

The Commission allowed a telecommunications company to construct a communications tower on the Port Site in 1996. The lease on the tower site had an original term of 5 years with automatic renewals for four additional 5-year terms unless the telecommunications company cancels, in writing, 90 days prior to the end of a 5-year term. The lease permitted the telecommunications company to sublease parts of the tower with payments being made to the Commission. The original lease with the telecommunications company began September 1, 1996 and called for monthly payments of \$1,500 that escalated by 4% per annum. The telecommunications company entered into sublease agreements with other telecommunications companies commencing December 20, 1997 and August 21, 1998. These subleases required initial payments of \$750 per month each that also escalated by 4% at the end of each 12-month period. At December 31, 2009, \$70,473 was recorded as charges for services under this agreement.

The Commission entered into a 15-year commercial lease with lessee, Bayou Sign Company in April 16, 2003. Through this lease, the Commission agrees to lease 2 parcels of land for billboards located at Port Manchac. The rent shall be 25% of gross revenue (excluding taxes) per board with a minimum per board of \$100 per month for years 1-5, \$125 per month for years 6-10, and \$150 per month for years 11-15. It is also agreed through this lease that a minimum of 4 boards and a maximum of 8 boards on 2 structures will be created. It is also agreed that on boards 5-8, the \$100 per month minimum per board will be waived the first 2 years. At December 31, 2009, \$6,000 was recorded as charges for services under this agreement.

The lease with Associated Terminals, LLC officially ended on December 31, 2009. The lease was terminated due to the loss of their primary client. Associated made rental payments through May 2009. At December 31, 2009, \$29,561 was recorded as charges for services under this agreement.

The Commission entered into a lease agreement with Bayou Diesel, LLC effective November 1, 2008. The leased premises consist of four (4) acres situated within the Port Manchac Distribution Center, Manchac, Louisiana, including, but not necessarily limited to, a 30,000 square foot warehouse, adjacent land and access to the rail. This lease is made for a term of thirty (30) years with an option to renew for four additional five (5) year periods. Rent payments shall be adjusted every two years commencing with the sixty-first rent payment by an amount equal to 3% of the total preceding years annual base lease payment and additional rent paid by or owed by Lessee unto lessor.

Lessee shall pay the lessor monthly rent as follows:

- 1) For the first nine (9) months the sum of seven thousand five hundred dollars
- 2) For month ten (10) the sum of eight thousand dollars
- 3) For month eleven (11) the sum of eight thousand dollars
- 4) For month twelve (12) the sum of nine thousand dollars
- 5) Commencing with month thirteen (13) the lessee shall pay the lessor for the term of this lease the sum of ten thousand dollars monthly

South Tangipahoa Parish Port Commission

Notes to the Financial Statements As of and for the Year Ended December 31, 2009

Future minimum lease revenues are as follows:

Year	Bayou Diesel, LLC	Total
2010	\$ 120,000	\$ 120,000
2011	120,000	120,000
2012	120,000	120,000
2013	120,000	120,000
2014	123,600	123,600
2015 - 2019	640,470	640,470
2020 - 2024	691,634	691,634
2025 - 2029	742,482	742,482
2030 - 2034	801,794	801,794
2035 - 2038	669,822	669,822
Total	\$ 4,149,802	\$ 4,149,802

10. Economic Dependency

The Commission's primary source of revenue is through lease agreements with Associated Terminals, LLC, Bayou Sign Company and telecommunication companies. For the fiscal year ending December 31, 2009, \$97,500, or 47% of the Commission's rental revenue was from a lease with Bayou Diesel, \$70,473, or 34% of the Commission's rental revenue was from telecommunication companies, \$29,561 or 14% of the Commission's rental revenue was from a lease with Associated Terminals, LLC, and \$6,000, or 3% of the Commission's rental revenue was from a lease with Bayou Sign Company.

11. Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Commission's deposits may not be returned to it. The Commission does not have a deposit policy for custodial credit risk. As of December 31, 2009, \$67,199 of the Commission's bank balances are exposed to custodial credit risk. The \$67,199 is uninsured but collateralized with securities held by the pledging institution's trust department or agent, but not in the Commission's name.

12. Risk Management

The South Tangipahoa Parish Port Commission is exposed to various risks of losses related to theft, damage, or destruction of assets, torts, injuries, natural disasters, and many other unforeseeable events. The Port Commission purchases commercial insurance policies for any and all claims related to the aforementioned risks.

13. Litigation And Claims

The Port Commission was not involved in any litigation or claims for December 31, 2009.

South Tangipahoa Parish Port Commission

Notes to the Financial Statements As of and for the Year Ended December 31, 2009

14. Cooperative Endeavor Agreement

The Commission entered into a cooperative endeavor agreement with the Louisiana Department of Economic Development effective December 1, 2008. The agreement was amended on August 15, 2009 which has extended the termination date through July 31, 2010. Seven hundred fifty thousand dollars has been allocated for this project. Reimbursements under this agreement will be allowed through July 31, 2010. At December 31, 2009, \$187,500 was received under this agreement.

The program objectives are as follows:

- 1) Roadway, driveway, parking area and truck dock pavement improvement
- 2) Installation and construction of fire protection for warehouse including sprinkler system (tanks)
- 3) Rail loading rack
- 4) Security fence surrounding storage tanks in rear of building
- 5) Modular office space

The program goal is to attract industry to the port which will increase jobs at the port as well as cargo transported through the port.

15. Other Post Employment Benefits Plan

Plan Description. The Port Commission participates in an agent multiple employer defined health benefit retirement plan administered by the Office of Group Benefits as authorized by the Port Commission. The plan provides lifetime health insurance for retired employees. The plan pays 75% of the health insurance costs for retirees that were covered by the plan prior to January 1, 2002. For retirees entering the Plan subsequent to December 31, 2001, 75% of health insurance cost is paid for retirees with 20 or more years of service, 56% for retirees with 15 to 19 years of service, 38% for retirees with 10 to 14 years of service and 19% for retirees with less than 10 years of service.

The Port Commission has implemented GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Post Employment Benefits Other Than Pensions*. In adopting the requirements of GASB Statement No. 45 during the year ended December 31, 2009, the Port Commission recognizes the cost of post employment benefits in the year when employee services are rendered, reports the accumulated liability from prior years, and provides information useful in assessing potential demands on the Port Commission's future cash flows. Because the Port Commission has adopted the requirements of GASB Statement No. 45 prospectively, recognition of the liability accumulated from prior years will be phased in over 30 years, commencing with the 2009 liability.

Annual OPEB Cost and Net OPEB Obligation. The Port Commission's annual other post employment benefit (OPEB) cost is calculated based on the annual required contribution (ARC). The Port Commission has elected to calculate the ARC and related information using the alternative measurement method permitted by GASB Statement No. 45 for employers with plans that have fewer than 100 total members. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed

South Tangipahoa Parish Port Commission

Notes to the Financial Statements As of and for the Year Ended December 31, 2009

30 years. The following table shows the components of the Port Commission's annual OPEB cost for the year, the amount actually contributed to the Plan, and changes in the Port Commission's net OPEB obligation to the Plan:

Annual required contribution	\$	833
Interest on net OPEB obligations		25
Adjustment to annual required contribution		-
Annual OPEB cost		858
Contributions made		-
Increase in net OPEB obligation		858
Net OPEB obligation, beginning of year		-
Net OPEB obligation, end of year	\$	858

Fiscal year 2009 was the year of implementation of GASB Statement No. 45 and the Port Commission elected to implement prospectively. Therefore, prior year funding and comparative data is not available.

Funding Policy, Funded Status, and Funding Progress. The Plan is financed on a pay-as-you-go basis, therefore no funds are reserved for payment of future health insurance premiums. As of December 31, 2009, the actuarial accrued liability for benefits was \$6,771, as of which was unfunded. The covered payroll (annual payroll of active employees covered by the Plan) was \$74,637, and the ratio of the unfunded actuarial accrued liability (UAAL) to the covered payroll was 9% percent.

The projection of future benefits for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of future events far into the future. Amounts determined regarding the funded status of a plan and the employer's annual required contributions are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. The following simplifying assumptions were made:

The following simplifying assumptions were made:

Retirement age for active employees - Active members were assumed to retire at the age of 65 or the age of attainment of eligibility for the retirement benefit.

Marital Status - Marital status of members at the calculation date was assumed to continue throughout retirement.

South Tangipahoa Parish Port Commission

Notes to the Financial Statements As of and for the Year Ended December 31, 2009

Mortality - Life expectancies were based on mortality tables from the National Center for Health Statistics.

Turnover - Non-group specific age based turnover data from GASB Statement 45 were used as the basis for assigning active members a probability of remaining employed until the assumed retirement age and for developing an expected future working lifetime assumption for purposes of allocating to periods the present value of total benefits to be paid.

Healthcare cost trend rate - The expected rate of increase in healthcare insurance premiums was based on projections of the Office of the Actuary at the Centers for Medicare & Medicaid Services. A rate of 5.7 percent initially, reduced to an ultimate rate of 6.6 percent after ten years, was used.

Health insurance premiums - 2009 health insurance premiums for retirees were used as the basis for calculation of the present value of total benefits to be paid.

Inflation rate - The expected long-term inflation assumption of 2.8 percent was based on projected changes in the Customer Price Index (CPI) in *The 2009 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Disability Insurance Trust Funds* for an intermediate growth scenario.

Payroll growth rate - The expected long-term payroll growth rate was assumed to equal the rate of inflation.

Based on the historical and expected returns of the Port Commission's short-term investment portfolio, a discount rate of 3 percent was used. In addition, a simplified version of the entry age actuarial cost method was used. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis over thirty years.

16. Subsequent Event

Management has evaluated subsequent events through the date that the financial statements were available to be issued, June 28, 2010, and determined the following events occurred that require disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

- Port Commission accepted the lowest bid proposal from North Miss Rail Service for a Trackmobile for \$38,500.
- In March 2010, the Port Commission received \$216,711 from the State of Louisiana. This is the second payment under the cooperative endeavor agreement.
- Railroad loading dock was installed at a cost of approximately \$130,000.

Required Supplemental Information (Part II)

South Tangipahoa Parish Port Commission

Schedule 1

**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2009**

	<u>Budgeted Amounts</u>		<u>Actual Amounts: GAAP Basis</u>	<u>Variance with Final Budget: Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Charges for Services	\$ 249,000	\$ 205,000	\$ 207,014	\$ 2,014
Intergovernmental	-	200,000	198,789	(1,211)
Investment Earnings	42,000	38,000	44,683	6,683
Miscellaneous	-	-	1,000	1,000
Total Revenues	<u>291,000</u>	<u>443,000</u>	<u>451,486</u>	<u>8,486</u>
Expenditures				
Bookkeeping	4,000	4,000	3,975	25
Capital Outlay	-	325,326	328,952	(3,626)
Insurance	36,500	33,500	32,627	873
Legal	5,000	5,000	3,267	1,733
Marketing	15,000	25,000	25,593	(593)
Membership & Dues	2,500	2,500	477	2,023
Office Supplies	4,000	4,000	2,448	1,552
Payroll Tax	1,200	1,100	1,082	18
Professional	8,000	4,500	4,997	(497)
Property Maintenance	10,000	25,000	125,780	(100,780)
Rents & Leases	13,000	12,600	13,049	(449)
Retirement	13,500	13,700	13,618	82
Review	2,700	2,500	2,500	-
Salaries	70,800	77,000	77,365	(365)
Utilities	25,000	11,500	10,857	643
Total Expenditures	<u>211,200</u>	<u>547,226</u>	<u>646,587</u>	<u>(99,361)</u>
Net Change in Fund Balance	<u>79,800</u>	<u>(104,226)</u>	<u>(195,101)</u>	<u>(90,875)</u>
Fund Balance, Beginning	1,557,093	1,868,915	1,868,915	-
Fund Balance, Ending	<u>\$ 1,636,893</u>	<u>\$ 1,764,689</u>	<u>\$ 1,673,814</u>	<u>\$ (90,875)</u>

See Auditor's Report.

**Report on Internal Control Over
Financial Reporting and on
Compliance and Other Matters Based on an
Audit of Financial Statements Performed in
Accordance with *Government Auditing Standards***

MEMBER
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Certified Public
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MEMBER
Society of Louisiana
Certified Public
Accountants

**Report on Internal Control Over Financial Reporting and on Compliance and Other
Matters Based on an Audit of Financial Statements Performed in Accordance with
*Government Auditing Standards***

To the Board of Commissioners of
South Tangipahoa Parish Port Commission
Ponchatoula, Louisiana

I have audited the financial statements of the governmental-type activities and the major fund of the South Tangipahoa Parish Port Commission, Ponchatoula, Louisiana, as of and for the year ended December 31, 2009, which collectively comprise the Commission's basic financial statements, and have issued my report thereon dated June 15, 2010. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing my audit, I considered the South Tangipahoa Parish Port Commission's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the South Tangipahoa Parish Port Commission's internal control over financial reporting.

A *deficiency* in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. I identified certain deficiencies in internal control over financial reporting described in the accompanying schedule of current year audit findings as 2009-1 that I consider to be a material weakness, as defined above.

**South Tangipahoa Parish Port Commission
Ponchatoula, Louisiana**

Compliance and Other Matters

As part of obtaining reasonable assurance about whether South Tangipahoa Parish Port Commission's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The result of my tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of current year audit findings as items 2009-2 and 2009-3.

This report is intended solely for the information and use of management, the Louisiana Legislative Auditor, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Sincerely,

Phil Hebert

Phil Hebert, CPA
A Professional Accounting Corporation
June 15, 2010

**Schedule of Current Year Audit Findings and
Management's Corrective Action Plan**

**South Tangipahoa Parish Port Commission
Ponchatoula, Louisiana**

**Schedule of Current Year Audit Findings
For the Year Ended December 31, 2009**

I have audited the basic financial statements of the South Tangipahoa Parish Port Commission as of and for the year ended December 31, 2009, and have issued my report thereon dated June 15, 2010. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. My audit of the financial statements as of December 31, 2009 resulted in an unqualified opinion.

Section I Summary of Auditor's Reports

a. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weakness, Yes Significant Deficiencies, No

Compliance

Compliance Material to Financial Statements, Yes

b. Federal Awards

Not Applicable

Was a management letter issued?, No

Section II Financial Statement Findings

Internal Control

2009 - 1 Accountant Cannot Prepare Financial Statements

The Port Commission's job description for accountant does not require the accountant to possess the technical skills to prepare the basic financial statements in conformity with accounting principles generally accepted in the United States of America. As part of the audit engagement, the auditor drafted the financial statements for the Commission.

I recommend management review the cost benefits of hiring an accountant with the technical skills to prepare the basic financial statements of the South Tangipahoa Parish Port Commission in conformity with the accounting principles generally accepted in the United States of America as applied to governmental units.

**South Tangipahoa Parish Port Commission
Ponchatoula, Louisiana**

**Schedule of Findings
For the Year Ended December 31, 2009**

Compliance

2009 - 2 Failure to Properly Amend the Budget

Criteria: Louisiana Revised Statute 39:1311 states that an adopted budget must be amended when "*Total actual expenditures and other uses plus projected expenditures and other uses for the remainder of the year, within a fund, are exceeding the total budgeted expenditures and other uses by five percent or more.* "

Condition: For the year ended December 31, 2009, actual expenditures of the Port Commission totaled \$646,587 while budgeted expenditures totaled \$547,226. The difference of \$99,361 is greater than the budgeted total by 15.36%.

Cause: Management made a large payment for capital expenditures after amending budget.

Effect: The budget was not properly amended and the Port Commission is not in compliance with the Local Government Budget Act.

Recommendation: I recommend the Port Commission review the budget to actual financial statements on a monthly basis and amend the budget as necessary.

Continued

**South Tangipahoa Parish Port Commission
Ponchatoula, Louisiana**

**Schedule of Current Year Audit Findings
For the Year Ended December 31, 2009**

2009 - 3 Budget Preparation

Criteria: Louisiana Revised Statute 39:1305 states that the budget document setting forth the proposed financial plan for the general fund and each special revenue fund shall include the following:

(1) A budget message signed by the budget preparer which shall include a summary description of the proposed financial plan, policies, and objectives, assumptions, budgetary basis, and a discussion of the most important features.

(2) A statement for the general fund and each special revenue fund showing the estimated fund balances at the beginning of the year; estimates of all receipts and revenues to be received; revenues itemized by source; recommended expenditures itemized by agency, department, function, and character; other financing sources and uses by source and use; and the estimated fund balance at the end of the fiscal year.

Condition: The budget did not contain a budget message or estimated fund balances at the beginning and end of the year.

Cause: Management was not aware of these requirements.

Effect: The budget did not contain the required documentation and the Port Commission is not in compliance with the Local Government Budget Act.

Recommendation: I recommend the accountant revise the budget format to include a budget message and an estimated beginning and ending fund balance.

Section III - Federal Award Findings and Questioned Costs

No Findings Section III

Concluded

**South Tangipahoa Parish Port Commission
Ponchatoula, Louisiana**

**Management's Corrective Action Plan
For the Year Ended December 31, 2009**

Section I Internal Control and Compliance Material to the Financial Statement

2009 - 1 Accountant Cannot Prepare Financial Statements

Recommendation: I recommend the Port Commission review the cost benefits of hiring an accountant with the technical skills to prepare the basic financial statements of the South Tangipahoa Parish Port Commission in conformity with the accounting principles generally accepted in the United States of America as applied to governmental units.

Management's Corrective Action Plan: Management will review the cost benefit of hiring an accountant with the technical skills to prepare the basic financial statements of the Port Commission. Responsible party is Patrick Dufresne, Executive Director.

2009 - 2 Failure to Properly Amend the Budget

Recommendation: I recommend the Port Commission review the budget to actual financial statements on a monthly basis and amend the budget as necessary.

Management's Corrective Action Plan: Management reviewed the budget to actual financial statements on a monthly basis, but some expenditures paid from a construction account were not included. Management will insure that the monthly financial statements include the expenditures paid from all accounts. Responsible party is Patrick Dufresne, Executive Director.

2009 - 3 Budget Preparation

Recommendation: I recommend the accountant revise the budget format to include a budget message and an estimated beginning and ending fund balance.

Management's Corrective Action Plan: Management will ask the accountant to revise the budget format to include a budget message and an estimated beginning and ending fund balance. Responsible party is Patrick Dufresne, Executive Director.